Remarks

The Office Action mailed July 14, 2004 has been carefully reviewed and the foregoing amendment has been made in consequence thereof.

Claims 1-27 are pending in this application. Claims 1-27 stand rejected.

In accordance with 37 C.F.R. 1.136(a), a one month extension of time is submitted herewith to extend the due date of the response to the Office Action dated July 14, 2004, for the above-identified patent application from October 14, 2004, through and including November 14, 2004. In accordance with 37 C.F.R. 1.17(a)(3), authorization to charge a deposit account in the amount of $110.00 to cover this extension of time request also is submitted herewith.

The rejection of Claims 1-9 under 35 U.S.C. § 101 as being directed to non-statutory subject matter is respectfully traversed.

The Office Action suggests at page 5 that "Claims 1-9 have no connection to the technological arts" since "none of the steps indicate any connection to a computer or technology." Applicants respectfully traverse this suggestion. More specifically, Applicants submit that the claims of the present patent application are directed to practical applications in the technological arts. "Any sequence of operational steps can constitute a process within the meaning of the Patent Act so long as it is part of the technological arts." *In re Musgrave*, 431 F.2d 882 (C.C.P.A. 1970). For example, independent Claim 1 is directed to a method for selecting a lowest variation assumption for asset valuation in order to limit risk. Applicants submit that selecting a lowest variation assumption for asset valuation in order to limit risk is a useful process that is considered to be within "the technological arts".

One specific example of such a method implementation is a computer with a processor programmed to at least one of determine a plurality of valuation methodologies for valuing a specific portfolio of assets, value the assets included within the portfolio utilizing the plurality of valuation methodologies, select the valuation methodology that produces a value for the assets included within the portfolio having a confidence level greater than a confidence level for any of

the other valuation methodologies, and assign values to the assets using the selected methodology. While the claims are not limited to the specific examples related to a computer with a programmed processor, the claims need not be so restricted to satisfy the requirement of Section 101.

Applicants further traverse the assertion included in the Office Action that Claims 1-9 are directed to non-statutory subject matter under Section 101 in light of the "Examination Guidelines for Computer-Related Inventions". The Examination Guidelines for Computer-Related Inventions provides in relevant part as follows:

> In order to determine whether the claim is limited to a practical application of an abstract idea, Office personnel must analyze the claim as a whole, in light of the specification, to understand what subject matter is being manipulated and how it is being manipulated. During this procedure, Office personnel must evaluate any statements of intended use or field of use, any data gathering step and any post-manipulation activity....Only when the claim is devoid of any limitation to a practical application in the technological arts should it be rejected under § 101. Further, when such a rejection is made, Office personnel must expressly state how the language of the claims has been interpreted to support the rejection.

Applicants respectfully submit that Claim 1 is limited to a practical application in the technological arts. Furthermore, Applicant respectfully submits that the Office Action does not expressly state how the language of Claim 1 supports the Section 101 rejection.

Claim 1 is a method directed to "selecting a lowest variation assumption for asset valuation in order to limit risk". Thus, Applicant submits that Claim 1 is directed to a useful process that is considered to be within "the technological arts". Furthermore, Claim 1 recites "a method for selecting a lowest variation assumption for asset valuation in order to limit risk using a computer system coupled to a data repository". The method includes "valuing the assets included within the portfolio utilizing the plurality of valuation methodologies including valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by...(c) using the computer to statistically infer a value for each asset included within a third portion of the asset portfolio based on the first valuation methodology...." Thus, Claim 1 uses a computer system to perform certain steps of the process. Claim 1 is therefore directed to a practical application in the technological arts.

Dependent Claims 2-9 depend from independent Claim 1, and these dependent Claims are submitted to satisfy the requirements of Section 101 for the same reasons set forth above with respect to independent Claim 1.

For at least the reasons set forth above, Applicants respectfully request that the Section 101 rejection of Claims 1-9 be withdrawn.

The rejection of Claims 1-2, 9-11, 18-20 and 27 under 35 U.S.C. § 102(e) as being anticipated by Levine et al. (U.S. Patent No. 6,233,566) ("Levine") is respectfully traversed.

Applicants respectfully submit that Levine neither describes nor suggests the claimed invention. As discussed below, at least one of the differences between Levine and the present invention is that Levine neither describes nor suggests a method for selecting a lowest variation assumption for asset valuation in order to limit risk that includes determining a plurality of valuation methodologies for valuing a specific portfolio of assets, and valuing the assets included within the portfolio utilizing the plurality of valuation methodologies that includes valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by: (a) underwriting each asset included within a first portion of the asset portfolio based on a first valuation methodology from the plurality of valuation methodologies, (b) grouping and underwriting a sample of assets included within a second portion of the asset portfolio based on the first valuation methodology, (c) using the computer to statistically infer a value for each asset included within a third portion of the asset portfolio based on the first valuation methodology, and (d) repeating steps (a)-(c) for each valuation methodology included within the plurality of valuation methodologies.

Moreover, Levine neither describes nor suggests selecting the valuation methodology that produces a value for the assets included within the portfolio having a confidence level greater than a confidence level for any of the other valuation methodologies, and assigning values to the assets using the selected methodology.

Levine describes an online centralized financial products exchange system for trading loans. The exchange system provides a centralized exchange system for the trading of loans.

The system includes a plurality of Web servers for receiving and providing loan information from and to subscribers on several Web clients and a database server for searching the pre-set rules to match potential buyers with sellers. The system also includes a database for storing information relating to negotiations (i.e., bidding) for the sale of loans and for storing pre-set rules for pre-registered buyers and sellers. The system further includes a database and server for storing risk/return information that is made available to subscribers for analysis. Notably, Levine does not describe or suggest valuing assets included within a portfolio as recited in Claim 1.

Claim 1 recites a method for selecting a lowest variation assumption for asset valuation in order to limit risk using a computer system coupled to a data repository, the method includes "determining a plurality of valuation methodologies for valuing a specific portfolio of assets...valuing the assets included within the portfolio utilizing the plurality of valuation methodologies including valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by...(a) underwriting each asset included within a first portion of the asset portfolio based on a first valuation methodology from the plurality of valuation methodologies...(b) grouping and underwriting a sample of assets included within a second portion of the asset portfolio based on the first valuation methodology...(c) using the computer to statistically infer a value for each asset included within a third portion of the asset portfolio based on the first valuation methodology...and (d) repeating steps (a)-(c) for each valuation methodology included within the plurality of valuation methodologies...selecting the valuation methodology that produces a value for the assets included within the portfolio having a confidence level greater than a confidence level for any of the other valuation methodologies...and assigning values to the assets using the selected methodology."

Levine does not describe or suggest a method for selecting a lowest variation assumption for asset valuation in order to limit risk that includes determining a plurality of valuation methodologies for valuing a specific portfolio of assets, and valuing the assets included within the portfolio utilizing the plurality of valuation methodologies including valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by

(a) underwriting each asset included within a first portion of the asset portfolio based on a first valuation methodology from the plurality of valuation methodologies.

Moreover, Levine does not describe or suggest valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (b) grouping and underwriting a sample of assets included within a second portion of the asset portfolio based on the first valuation methodology.

Furthermore, Levine does not describe or suggest valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (c) using the computer to statistically infer a value for each asset included within a third portion of the asset portfolio based on the first valuation methodology, and (d) repeating steps (a)-(c) for each valuation methodology included within the plurality of valuation methodologies.

Additionally, Levine does not describe or suggest selecting the valuation methodology that produces a value for the assets included within the portfolio having a confidence level greater than a confidence level for any of the other valuation methodologies, and assigning values to the assets using the selected methodology.

Rather, Levine describes an online centralized financial products exchange system for trading loans that includes a plurality of Web servers for receiving and providing loan information from and to subscribers on several Web clients, and a database server for searching the pre-set rules to match potential buyers with sellers. The system also includes a database for storing information relating to negotiations (i.e., bidding) for the sale of loans and for storing pre-set rules for pre-registered buyers and sellers. Notably, Levine does not describe or suggest valuing assets included within a portfolio as recited in Claim 1. Accordingly, Applicants respectfully submit that Claim 1 is patentable over Levine.

For at least the reasons as set forth above, Applicants respectfully request that the 35 U.S.C. § 102(e) rejection of Claim 1 be withdrawn.

Claims 2 and 9 depend from independent Claim 1 which is submitted to be in condition for allowance. When the recitations of Claims 2 and 9 are considered in combination with the

recitations of Claim 1, Applicants submit that dependent Claims 2 and 9 are also patentable over Levine.

Claim 10 recites a portfolio valuation system for selecting a lowest variation assumption for asset valuation in order to limit risk, the system includes a computer configured as a server and further configured with a database of asset portfolios, and at least one client system connected to the server through a network, wherein the server is configured to "determine a plurality of valuation methodologies for valuing a specific portfolio of assets...evaluate assets included within the portfolio utilizing the plurality of valuation methodologies including valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by...(a) underwriting each asset included within a first portion of the asset portfolio based on a first valuation methodology from the plurality of valuation methodologies...(b) grouping and underwriting a sample of assets included within a second portion of the asset portfolio based on the first valuation methodology...(c) using the computer to statistically infer a value for each asset included within a third portion of the asset portfolio based on the first valuation methodology...and (d) repeating steps (a)-(c) for each valuation methodology included within the plurality of valuation methodologies...select the valuation methodology that produces a value for the assets included within the portfolio having a confidence level greater than a confidence level for any of the other valuation methodologies...and assign values to the assets using the selected methodology."

Levine does not describe or suggest a portfolio valuation system for selecting a lowest variation assumption for asset valuation in order to limit risk, the system includes a server configured to determine a plurality of valuation methodologies for valuing a specific portfolio of assets, and evaluate assets included within the portfolio utilizing the plurality of valuation methodologies including valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (a) underwriting each asset included within a first portion of the asset portfolio based on a first valuation methodology from the plurality of valuation methodologies.

Moreover, Levine does not describe or suggest a server configured to value each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (b) grouping and underwriting a sample of assets included within a second portion of the asset portfolio based on the first valuation methodology.

Furthermore, Levine does not describe or suggest a server configured to value each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (c) using the computer to statistically infer a value for each asset included within a third portion of the asset portfolio based on the first valuation methodology, and (d) repeating steps (a)-(c) for each valuation methodology included within the plurality of valuation methodologies.

Additionally, Levine does not describe or suggest a server configured to select the valuation methodology that produces a value for the assets included within the portfolio having a confidence level greater than a confidence level for any of the other valuation methodologies, and assign values to the assets using the selected methodology.

Rather, Levine describes an online centralized financial products exchange system for trading loans that includes a plurality of Web servers for receiving and providing loan information from and to subscribers on several Web clients, and a database server for searching the pre-set rules to match potential buyers with sellers. The system also includes a database for storing information relating to negotiations (i.e., bidding) for the sale of loans and for storing pre-set rules for pre-registered buyers and sellers. Notably, Levine does not describe or suggest valuing assets included within a portfolio as recited in Claim 10. Accordingly, Applicants respectfully submit that Claim 10 is patentable over Levine.

For at least the reasons as set forth above, Applicants respectfully request that the 35 U.S.C. § 102(e) rejection of Claim 10 be withdrawn.

Claims 11 and 18 depend from independent Claim 10 which is submitted to be in condition for allowance. When the recitations of Claims 11 and 18 are considered in combination with the recitations of Claim 10, Applicants submit that dependent Claims 11 and 18 are also patentable over Levine.

Claim 19 recites a computer for selecting a lowest variation assumption for asset valuation in order to limit risk, the computer includes a database of asset portfolios, the computer is programmed to "determine a plurality of valuation methodologies for valuing a specific portfolio of assets...value the assets included within the portfolio utilizing the plurality of valuation methodologies including valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by...(a) underwriting each asset included within a first portion of the asset portfolio based on a first valuation methodology from the plurality of valuation methodologies...(b) grouping and underwriting a sample of assets included within a second portion of the asset portfolio based on the first valuation methodology...(c) using the computer to statistically infer a value for each asset included within a third portion of the asset portfolio based on the first valuation methodology...and (d) repeating steps (a)-(c) for each valuation methodology included within the plurality of valuation methodologies...select the valuation methodology that produces a value for the assets included within the portfolio having a confidence level greater than a confidence level for any of the other valuation methodologies...and assign values to the assets using the selected methodology."

Levine does not describe or suggest a computer for selecting a lowest variation assumption for asset valuation in order to limit risk that is programmed to determine a plurality of valuation methodologies for valuing a specific portfolio of assets, and value the assets included within the portfolio utilizing the plurality of valuation methodologies including valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (a) underwriting each asset included within a first portion of the asset portfolio based on a first valuation methodology from the plurality of valuation methodologies.

Moreover, Levine does not describe or suggest a computer programmed to value each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (b) grouping and underwriting a sample of assets included within a second portion of the asset portfolio based on the first valuation methodology.

Furthermore, Levine does not describe or suggest a computer programmed to value each asset in the portfolio individually by segmenting the portfolio of assets into three valuation

portions and by (c) using the computer to statistically infer a value for each asset included within a third portion of the asset portfolio based on the first valuation methodology, and (d) repeating steps (a)-(c) for each valuation methodology included within the plurality of valuation methodologies.

Additionally, Levine does not describe or suggest a computer programmed select the valuation methodology that produces a value for the assets included within the portfolio having a confidence level greater than a confidence level for any of the other valuation methodologies, and assign values to the assets using the selected methodology.

Rather, Levine describes an online centralized financial products exchange system for trading loans that includes a plurality of Web servers for receiving and providing loan information from and to subscribers on several Web clients, and a database server for searching the pre-set rules to match potential buyers with sellers. The system also includes a database for storing information relating to negotiations (i.e., bidding) for the sale of loans and for storing pre-set rules for pre-registered buyers and sellers. Notably, Levine does not describe or suggest valuing assets included within a portfolio as recited in Claim 19. Accordingly, Applicants respectfully submit that Claim 19 is patentable over Levine.

For at least the reasons as set forth above, Applicants respectfully request that the 35 U.S.C. § 102(e) rejection of Claim 19 be withdrawn.

Claims 20 and 27 depend from independent Claim 19 which is submitted to be in condition for allowance. When the recitations of Claims 20 and 27 are considered in combination with the recitations of Claim 19, Applicants submit that dependent Claims 20 and 27 are also patentable over Levine.

For at least the reasons set for above, Applicants respectfully request that the Section 102 rejection of Claims 1-2, 9-11, 18-20 and 27 be withdrawn.

The rejection of Claims 3-4, 12-13, and 21-22 under 35 U.S.C. § 103(a) as being unpatentable over Levine is respectfully traversed.

Levine is described above.

Claims 3-4 depend from independent Claim 1. Claim 1 recites a method for selecting a lowest variation assumption for asset valuation in order to limit risk using a computer system coupled to a data repository, the method includes "determining a plurality of valuation methodologies for valuing a specific portfolio of assets...valuing the assets included within the portfolio utilizing the plurality of valuation methodologies including valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by...(a) underwriting each asset included within a first portion of the asset portfolio based on a first valuation methodology from the plurality of valuation methodologies...(b) grouping and underwriting a sample of assets included within a second portion of the asset portfolio based on the first valuation methodology...(c) using the computer to statistically infer a value for each asset included within a third portion of the asset portfolio based on the first valuation methodology...and (d) repeating steps (a)-(c) for each valuation methodology included within the plurality of valuation methodologies...selecting the valuation methodology that produces a value for the assets included within the portfolio having a confidence level greater than a confidence level for any of the other valuation methodologies...and assigning values to the assets using the selected methodology."

Levine does not describe or suggest a method for selecting a lowest variation assumption for asset valuation in order to limit risk that includes determining a plurality of valuation methodologies for valuing a specific portfolio of assets, and valuing the assets included within the portfolio utilizing the plurality of valuation methodologies including valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (a) underwriting each asset included within a first portion of the asset portfolio based on a first valuation methodology from the plurality of valuation methodologies.

Moreover, Levine does not describe or suggest valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (b) grouping and underwriting a sample of assets included within a second portion of the asset portfolio based on the first valuation methodology.

Furthermore, Levine does not describe or suggest valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (c) using the computer to statistically infer a value for each asset included within a third portion of the asset portfolio based on the first valuation methodology, and (d) repeating steps (a)-(c) for each valuation methodology included within the plurality of valuation methodologies.

Additionally, Levine does not describe or suggest selecting the valuation methodology that produces a value for the assets included within the portfolio having a confidence level greater than a confidence level for any of the other valuation methodologies, and assigning values to the assets using the selected methodology.

Rather, Levine describes an online centralized financial products exchange system for trading loans. Notably, Levine does not describe or suggest valuing assets included within a portfolio as recited in Claim 1. Accordingly, Applicants respectfully submit that Claim 1 is patentable over Levine.

When the recitations of Claims 3-4 are considered in combination with the recitations of Claim 1, Applicants submit that dependent Claims 3-4 are also patentable over Levine.

Claim 12-13 depend from independent Claim 10. Claim 10 recites a portfolio valuation system for selecting a lowest variation assumption for asset valuation in order to limit risk, the system includes a computer configured as a server and further configured with a database of asset portfolios, and at least one client system connected to the server through a network, wherein the server is configured to "determine a plurality of valuation methodologies for valuing a specific portfolio of assets...evaluate assets included within the portfolio utilizing the plurality of valuation methodologies including valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by...(a) underwriting each asset included within a first portion of the asset portfolio based on a first valuation methodology from the plurality of valuation methodologies...(b) grouping and underwriting a sample of assets included within a second portion of the asset portfolio based on the first valuation methodology...(c) using the computer to statistically infer a value for each asset included within a third portion of the asset portfolio based on the first valuation methodology...and (d) repeating

steps (a)-(c) for each valuation methodology included within the plurality of valuation methodologies...select the valuation methodology that produces a value for the assets included within the portfolio having a confidence level greater than a confidence level for any of the other valuation methodologies...and assign values to the assets using the selected methodology."

Levine does not describe or suggest a portfolio valuation system for selecting a lowest variation assumption for asset valuation in order to limit risk, the system includes a server configured to determine a plurality of valuation methodologies for valuing a specific portfolio of assets, and evaluate assets included within the portfolio utilizing the plurality of valuation methodologies including valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (a) underwriting each asset included within a first portion of the asset portfolio based on a first valuation methodology from the plurality of valuation methodologies.

Moreover, Levine does not describe or suggest a server configured to value each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (b) grouping and underwriting a sample of assets included within a second portion of the asset portfolio based on the first valuation methodology.

Furthermore, Levine does not describe or suggest a server configured to value each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (c) using the computer to statistically infer a value for each asset included within a third portion of the asset portfolio based on the first valuation methodology, and (d) repeating steps (a)-(c) for each valuation methodology included within the plurality of valuation methodologies.

Additionally, Levine does not describe or suggest a server configured to select the valuation methodology that produces a value for the assets included within the portfolio having a confidence level greater than a confidence level for any of the other valuation methodologies, and assign values to the assets using the selected methodology.

Rather, Levine describes an online centralized financial products exchange system for trading loans. Notably, Levine does not describe or suggest valuing assets included within a

portfolio as recited in Claim 10. Accordingly, Applicants respectfully submit that Claim 10 is patentable over Levine.

When the recitations of Claims 12-13 are considered in combination with the recitations of Claim 10, Applicants submit that dependent Claims 12-13 are also patentable over Levine.

Claims 21-22 depend from independent Claim 19. Claim 19 recites a computer for selecting a lowest variation assumption for asset valuation in order to limit risk, the computer includes a database of asset portfolios, the computer is programmed to "determine a plurality of valuation methodologies for valuing a specific portfolio of assets...value the assets included within the portfolio utilizing the plurality of valuation methodologies including valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by...(a) underwriting each asset included within a first portion of the asset portfolio based on a first valuation methodology from the plurality of valuation methodologies...(b) grouping and underwriting a sample of assets included within a second portion of the asset portfolio based on the first valuation methodology...(c) using the computer to statistically infer a value for each asset included within a third portion of the asset portfolio based on the first valuation methodology...and (d) repeating steps (a)-(c) for each valuation methodology included within the plurality of valuation methodologies...select the valuation methodology that produces a value for the assets included within the portfolio having a confidence level greater than a confidence level for any of the other valuation methodologies...and assign values to the assets using the selected methodology."

Levine does not describe or suggest a computer for selecting a lowest variation assumption for asset valuation in order to limit risk that is programmed to determine a plurality of valuation methodologies for valuing a specific portfolio of assets, and value the assets included within the portfolio utilizing the plurality of valuation methodologies including valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (a) underwriting each asset included within a first portion of the asset portfolio based on a first valuation methodology from the plurality of valuation methodologies.

Moreover, Levine does not describe or suggest a computer programmed to value each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (b) grouping and underwriting a sample of assets included within a second portion of the asset portfolio based on the first valuation methodology.

Furthermore, Levine does not describe or suggest a computer programmed to value each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (c) using the computer to statistically infer a value for each asset included within a third portion of the asset portfolio based on the first valuation methodology, and (d) repeating steps (a)-(c) for each valuation methodology included within the plurality of valuation methodologies.

Additionally, Levine does not describe or suggest a computer programmed select the valuation methodology that produces a value for the assets included within the portfolio having a confidence level greater than a confidence level for any of the other valuation methodologies, and assign values to the assets using the selected methodology.

Rather, Levine describes an online centralized financial products exchange system for trading loans. Notably, Levine does not describe or suggest valuing assets included within a portfolio as recited in Claim 19. Accordingly, Applicants respectfully submit that Claim 19 is patentable over Levine.

When the recitations of Claims 21-22 are considered in combination with the recitations of Claim 19, Applicants submit that dependent Claims 21-22 are also patentable over Levine.

In addition to the arguments set forth above, Applicants further submit that the Section 103 rejection of Claims 3-4, 12-13, and 21-22 is not a proper rejection. The mere assertion that such an apparatus would have been obvious to one of ordinary skill in the art does not support a prima facie obvious rejection. Rather, each allegation of what would have been an obvious matter of design choice must always be supported by citation to some reference work recognized as standard in the pertinent art, and Applicants given an opportunity to challenge the correctness of the assertion or the repute of the cited reference. Applicants have not been provided with the

citation to any reference supporting the combination made in the rejection. The rejection, therefore, fails to provide the Applicants with a fair opportunity to respond to the rejection, and fails to provide the Applicants with the opportunity to challenge the correctness of the rejection. Therefore, Applicants respectfully request that the Section 103 rejection be withdrawn.

For at least the reasons set for above, Applicants respectfully request that the Section 102 rejection of Claims 3-4, 12-13, and 21-22 be withdrawn.

The rejection of Claims 5-8, 14-17, and 23-26 under 35 U.S.C. § 103(a) as being unpatentable over Levine in view of Stolfo et al. (U.S. Patent No. 5,563,783) ("Stolfo") is respectfully traversed.

Levine is described above. Stolfo describes a method and system for trading in pooled securities (e.g., pooled mortgages). The system allocates securities from pools to contracts subject to certain rules or constraints.

Claims 5-8 depend from independent Claim 1. Claim 1 is recited hereinabove.

Neither Levine nor Stolfo, considered alone or in combination, describe or suggest a method for selecting a lowest variation assumption for asset valuation in order to limit risk that includes determining a plurality of valuation methodologies for valuing a specific portfolio of assets, and valuing the assets included within the portfolio utilizing the plurality of valuation methodologies including valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (a) underwriting each asset included within a first portion of the asset portfolio based on a first valuation methodology from the plurality of valuation methodologies.

Moreover, neither Levine nor Stolfo, considered alone or in combination, describe or suggest valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (b) grouping and underwriting a sample of assets included within a second portion of the asset portfolio based on the first valuation methodology.

Furthermore, neither Levine nor Stolfo, considered alone or in combination, describe or suggest valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (c) using the computer to statistically infer a value for each asset included within a third portion of the asset portfolio based on the first valuation methodology, and (d) repeating steps (a)-(c) for each valuation methodology included within the plurality of valuation methodologies.

Additionally, neither Levine nor Stolfo, considered alone or in combination, describe or suggest selecting the valuation methodology that produces a value for the assets included within the portfolio having a confidence level greater than a confidence level for any of the other valuation methodologies, and assigning values to the assets using the selected methodology.

Rather, Levine describes an online centralized financial products exchange system for trading loans; and Stolfo describes a method and system for trading in pooled securities (e.g., pooled mortgages). Accordingly, Applicants respectfully submit that Claim 1 is patentable over Levine in view Stolfo.

When the recitations of Claims 5-8 are considered in combination with the recitations of Claim 1, Applicants submit that dependent Claims 5-8 are also patentable over Levine in view of Stolfo.

Claims 14-17 depend from independent Claim 10. Claim 10 is recited hereinabove.

Neither Levine nor Stolfo, considered alone or in combination, describe or suggest a portfolio valuation system for selecting a lowest variation assumption for asset valuation in order to limit risk, the system includes a server configured to determine a plurality of valuation methodologies for valuing a specific portfolio of assets, and evaluate assets included within the portfolio utilizing the plurality of valuation methodologies including valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (a) underwriting each asset included within a first portion of the asset portfolio based on a first valuation methodology from the plurality of valuation methodologies.

Moreover, neither Levine nor Stolfo, considered alone or in combination, describe or suggest a server configured to value each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (b) grouping and underwriting a sample of assets included within a second portion of the asset portfolio based on the first valuation methodology.

Furthermore, neither Levine nor Stolfo, considered alone or in combination, describe or suggest a server configured to value each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (c) using the computer to statistically infer a value for each asset included within a third portion of the asset portfolio based on the first valuation methodology, and (d) repeating steps (a)-(c) for each valuation methodology included within the plurality of valuation methodologies.

Additionally, neither Levine nor Stolfo, considered alone or in combination, describe or suggest a server configured to select the valuation methodology that produces a value for the assets included within the portfolio having a confidence level greater than a confidence level for any of the other valuation methodologies, and assign values to the assets using the selected methodology.

Rather, Levine describes an online centralized financial products exchange system for trading loans; and Stolfo describes a method and system for trading in pooled securities (e.g., pooled mortgages). Accordingly, Applicants respectfully submit that Claim 10 is patentable over Levine in view Stolfo.

When the recitations of Claims 14-17 are considered in combination with the recitations of Claim 10, Applicants submit that dependent Claims 14-17 are also patentable over Levine in view of Stolfo.

Claims 23-26 depend from independent Claim 19. Claim 19 is recited hereinabove.

Neither Levine nor Stolfo, considered alone or in combination, describe or suggest a computer for selecting a lowest variation assumption for asset valuation in order to limit risk that is programmed to determine a plurality of valuation methodologies for valuing a specific

portfolio of assets, and value the assets included within the portfolio utilizing the plurality of valuation methodologies including valuing each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (a) underwriting each asset included within a first portion of the asset portfolio based on a first valuation methodology from the plurality of valuation methodologies.

Moreover, neither Levine nor Stolfo, considered alone or in combination, describe or suggest a computer programmed to value each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (b) grouping and underwriting a sample of assets included within a second portion of the asset portfolio based on the first valuation methodology.

Furthermore, neither Levine nor Stolfo, considered alone or in combination, describe or suggest a computer programmed to value each asset in the portfolio individually by segmenting the portfolio of assets into three valuation portions and by (c) using the computer to statistically infer a value for each asset included within a third portion of the asset portfolio based on the first valuation methodology, and (d) repeating steps (a)-(c) for each valuation methodology included within the plurality of valuation methodologies.

Additionally, neither Levine nor Stolfo, considered alone or in combination, describe or suggest a computer programmed select the valuation methodology that produces a value for the assets included within the portfolio having a confidence level greater than a confidence level for any of the other valuation methodologies, and assign values to the assets using the selected methodology.

Rather, Levine describes an online centralized financial products exchange system for trading loans; and Stolfo describes a method and system for trading in pooled securities (e.g., pooled mortgages). Accordingly, Applicants respectfully submit that Claim 19 is patentable over Levine in view Stolfo.

When the recitations of Claims 23-26 are considered in combination with the recitations of Claim 19, Applicants submit that dependent Claims 23-26 are also patentable over Levine in view of Stolfo.

In addition to the argument set forth above, Applicants further traverse the rejection of Claims 5-8, 14-17, and 23-26 under 35 U.S.C. § 103(a) as being unpatentable over Levine in view of Stolfo on the grounds that it is an improper rejection. Obviousness cannot be established by merely suggesting that it would have been obvious to one of ordinary skill in the art to modify Levine using the teachings of Stolfo. More specifically, as is well established, obviousness cannot be established by combining the teachings of the cited art to produce the claimed invention, absent some teaching, suggestion, or incentive supporting the combination. Neither Levine nor Stolfo, alone or in combination, describe or suggest the claimed combination. Furthermore, in contrast to the assertion within the Office Action, Applicants respectfully submit that it would not be obvious to one skilled in the art to combine Levine with Stolfo because there is no motivation to combine the references suggested in the art. Rather, the Examiner has not pointed to any prior art that teaches or suggests to combine the disclosures, other than Applicants' own teaching.

As the Federal Circuit has recognized, obviousness is not established merely by combining references having different individual elements of pending claims. Ex parte Levengood, 28 U.S.P.Q.2d 1300 (Bd. Pat. App. & Inter. 1993). MPEP 2143.01. Rather, there must be some suggestion, outside of Applicants' disclosure, in the prior art to combine such references, and a reasonable expectation of success must be both found in the prior art, and not based on Applicants' disclosure. In re Vaeck, 20 U.S.P.Q.2d 1436 (Fed. Cir. 1991). In the present case, neither a suggestion or motivation to combine the prior art disclosures, nor any reasonable expectation of success has been shown.

Furthermore, it is impermissible to use the claimed invention as an instruction manual or "template" to piece together the teachings of the cited art so that the claimed invention is rendered obvious. Specifically, one cannot use hindsight reconstruction to pick and choose among isolated disclosures in the art to deprecate the claimed invention. Further, it is

impermissible to pick and choose from any one reference only so much of it as will support a given position, to the exclusion of other parts necessary to the full appreciation of what such reference fairly suggests to one of ordinary skill in the art. The present Section 103 rejection is based on a combination of teachings selected from multiple patents in an attempt to arrive at the claimed invention. Since there is no teaching nor suggestion in the cited art for the claimed combination, the Section 103 rejection appears to be based on a hindsight reconstruction in which isolated disclosures have been picked and chosen in an attempt to deprecate the present invention. Of course, such a combination is impermissible, and for this reason alone, Applicants respectfully request that the Section 103 rejection be withdrawn.

For at least the reasons set for above, Applicants respectfully request that the Section 103 rejection of Claims 5-8, 14-17, and 23-26 be withdrawn .

In view of the foregoing amendments and remarks, all the claims now active in this application are believed to be in condition for allowance. Reconsideration and favorable action is respectfully solicited.

Respectfully Submitted,

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